HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Prince Edward Island Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Spring 2014

Figure 1

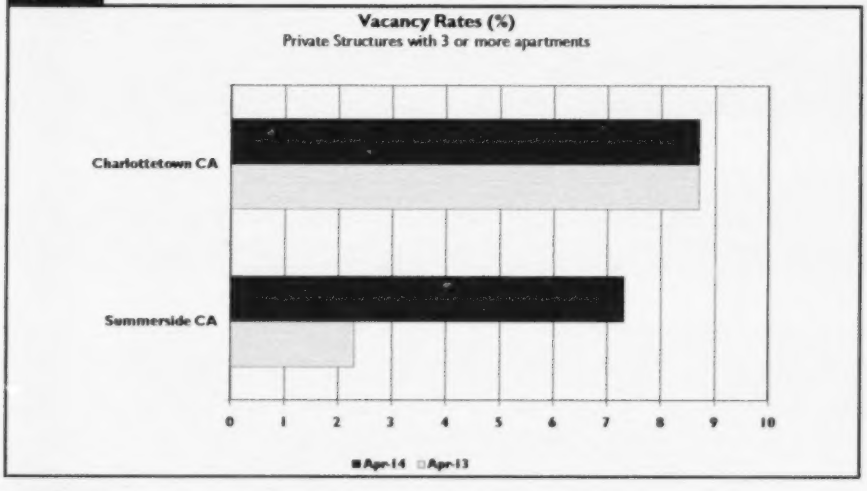
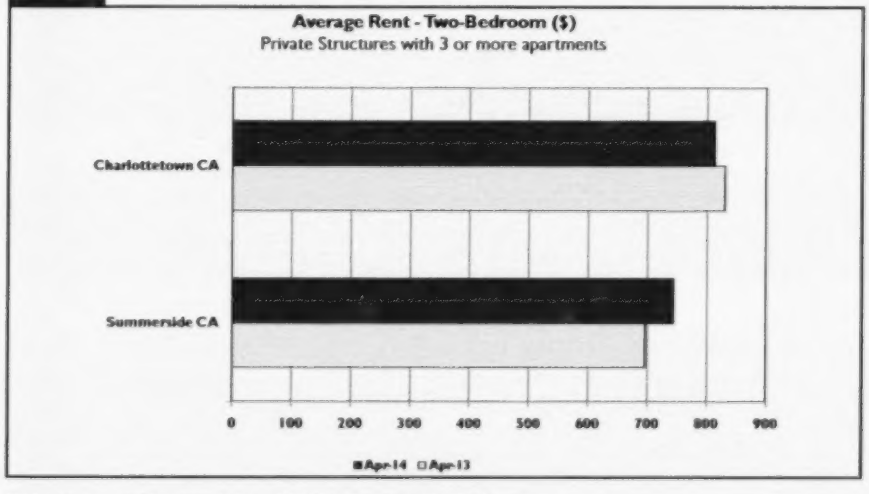


Figure 2



*Urban centres with a population of 10,000 + are included in the survey

Island Vacancy Rates Rise in 2014

- The overall vacancy rate for Prince Edward Island's urban centres stood at 8.5 per cent in April 2014.
- At 8.7 per cent, the Charlottetown area posted a higher vacancy rate than the provincial average.
- The average two-bedroom rent in Charlottetown was $814, compared to the provincial average of $803.
- The vacancy rate in Summerside increased to 7.3 per cent this spring.

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Vacancy Rate Remained High in 2014

Results from Canada Mortgage and Housing Corporation's 2014 Spring Rental Market Survey[1] revealed that the vacancy rate[2] for provincial urban centres[3] was 8.5 per cent in April 2014. Results for Charlottetown and Summerside were mixed.

The increase in supply of new rental units in the Charlottetown area has more than offset the increase in demand. Since 2009, the level of rental apartment starts has been well above the ten-year average, with more than 1,200 units built during this period. During the past twelve months alone, local developers have added an additional 150 new rental units to the rental universe. This elevated level of rental starts was supported by high levels of in-migration, due to the Provincial Nominee program and low borrowing costs. However, now that international in-migration has slowed down and out-migration is rising, the supply of new units has now outpaced demand. These factors are exerting upward pressure on the vacancy rate. As such, the vacancy rate in Charlottetown remained high in 2014 at 8.7 per cent.

In Summerside, the level of construction of new rental projects has been above average during the last four years. While demand has remained steady, supply has increased. The result is a rise in the local vacancy rate to 7.3 per cent in April 2014, from 2.3 per cent in 2013.

Two-bedroom units account for the vast majority of rental apartment units in the urban centres of Prince Edward Island. In Charlottetown, the vacancy rate for two-bedroom units was 9.3 per cent in April 2014. In Summerside, the vacancy rate for two-bedroom units was 5.8 per cent compared to 2.5 per cent in 2013.

Average Rents Remain Stable in PEI

The overall average rent in the Charlottetown area was $775, while the average two-bedroom rent was $814 in April 2014. In Summerside, the overall average rent was $724 compared to the two-bedroom average of $744.

Availability Rate Inches Down in Charlottetown

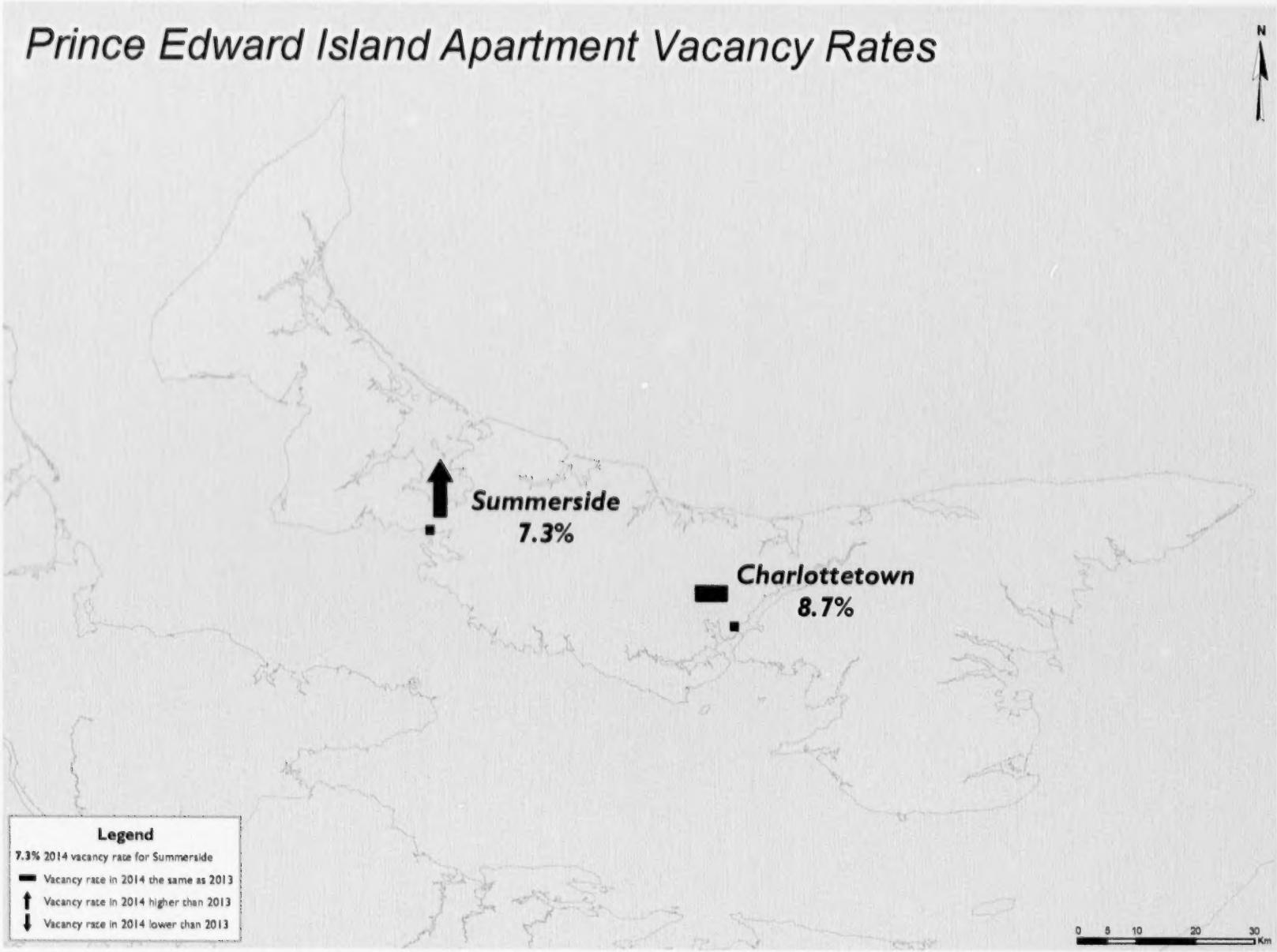
The availability rate[4] for the urban centres in Prince Edward Island was at 9.3 per cent in April 2014. At 7.3 per cent, Summerside posted a lower availability rate than the provincial average, while Charlottetown posted a higher rate at 9.6 per cent.

[1] Due to seasonal factors, the results of the October 2013 Rental Market Survey are not directly comparable with the results from the April 2014 Rental Market Survey.

[2] The survey is based on privately-initiated rental apartment structures of three or more units.

[3] Urban centres defined as centres with a population of 10,000 or more.

[4] A rental unit is considered available if the unit is vacant, or the existing tenant has given or received official notice to move and a new tenant has not signed a lease. As the definition of availability includes vacancy, the availability rate will always be equal to or greater than the vacancy rate.


Prince Edward Island Apartment Vacancy Rates
N
Summerside
7.3%
Charlottetown
8.7%
Legend
7.3% 2014 vacancy rate for Summerside
Vacancy rate in 2014 the same as 2013
Vacancy rate in 2014 higher than 2013
Vacancy rate in 2014 lower than 2013
0 5 10 20 30
Km

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Charlottetown CA	**	**	6.9 c	7.4 c	9.1 b	9.3 a –	**	**	8.7 b	8.7 a –
Summerside CA	**	**	**	**	2.5 c	5.8 d ↑	**	0.0 d	2.3 c	7.3 c ↑
Prince Edward Island 10,000+	**	**	**6.5 c**	**8.2 c –**	**8.0 b**	**8.7 a –**	**	**	**7.8 b**	**8.5 a –**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the change is a statistically significant decrease, while – indicates that the change is not statistically significant.

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Charlottetown CA	496 b	526 c	651 a	661 a	831 a	814 a	980 b	927 a	785 a	775 a
Summerside CA	519 b	619 d	527 b	602 c	697 a	744 a	712 b	714 a	678 a	724 a
Prince Edward Island 10,000+	**499 b**	**538 a**	**642 a**	**657 a**	**808 a**	**803 a**	**904 b**	**865 a**	**769 a**	**768 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Charlottetown CA	150	156	1,183	1,229	2,957	3,078	237	245	4,527	4,708
Summerside CA	11	18	151	165	555	573	80	79	797	835
Prince Edward Island 10,000+	**161**	**174**	**1,334**	**1,394**	**3,512**	**3,651**	**317**	**324**	**5,324**	**5,543**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Charlottetown CA	**	**	8.9 b	7.9 c –	10.7 c	10.2 a –	**	10.7 d	10.6 a	9.6 a –
Summerside CA	**	**	**	**	2.7 b	5.8 d ↑	**	0.0 d	2.5 c	7.3 c ↑
Prince Edward Island 10,000+	**	**	**8.4 b**	**8.6 b –**	**9.4 a**	**9.5 a –**	**11.9 d**	**	**9.3 a**	**9.3 a –**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the change is a statistically significant decrease, while – indicates that the change is not statistically significant.

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14
Charlottetown CA	++	++	1.0 d	1.2 d	1.2 a	++	**	**	1.2 a	++
Summerside CA	1.3 a	++	**	**	++	**	++	**	++	**
Prince Edward Island 10,000+	++	++	**1.1 d**	**1.4 a**	**1.0 a**	++	**2.5 c**	++	**1.0 a**	++

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

Use caution when comparing changes in statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. These tables include indicators to help interpret changes. ↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the year-over-year change is a statistically significant decrease, while – indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented in this publication is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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